

Canadians, unlike their American counterparts, expect their governments to participate in national economic life, to help knit together and develop a huge, under-populated and geographically unforgiving land. So Canadians have no objection in principle to government intervention. They are comfortable with government-owned television and radio networks, national airlines, the Canadian National Railway family of companies, Petro-Canada and a host of other government undertakings.

But neither is government intervention a principle. It is a pragmatic Canadian response to a particular set of circumstances, and by no means reflects any philosophical discomfort with the role of private enterprise. The private sector has been and will remain the driving force behind Canada's economic development. We feel strongly, as do you, that a free society is not possible without a free economy.

The structure of our two economies is very different. Canada's economy is a tenth the size of yours, and is more heavily dependent on primary resource industries. Our manufacturing base is narrower. Although in many respects Canadian and U.S. economic interests are parallel, in some important specific ways they diverge. In the past twenty years, the public debate in Canada on the degree to which such a divergence was desirable or possible has centred on the question of foreign ownership.

Canada is coming of age. Just as you were when you were at our stage of development, Canadians are not satisfied with having so many economic command centres outside the country. A certain core of national economic independence is necessary even in this interdependent world.

While Canadians readily acknowledge the benefits which foreign investment has brought them, they are aware that there are very significant costs as well.

You are probably asking yourselves, "What costs? What does it matter where the money comes from?". Canadians accept that capital has no flag, but they see that the corporations spending it have national identities and are integral parts of the political process in their home countries. I could not help noticing, for example, that U.S. multinationals took their complaints about our National Energy Programme to Washington far more so than they did to Ottawa. I think even the term "multinational" is misleading. Sometimes I think it would be more accurate to call these firms multi-based enterprises.

Let me be more specific about some of the costs. The operations of many foreign-controlled subsidiaries are characterized by restrictions on decision-making power, low